

Senate File 2421 - Reprinted

SENATE FILE _____
BY COMMITTEE ON WAYS AND
MEANS

(SUCCESSOR TO SSB 3287)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act authorizing certain special charter cities to impose a
2 special charter city sales and services tax.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 6595SV 82
5 tw/sc/5

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1 1 Section 1. NEW SECTION. 423F.1 SPECIAL CHARTER CITY
1 2 SALES AND SERVICES TAX.
1 3 1. Subject to the provisions of this chapter, a special
1 4 charter city with a population greater than seventy-five
1 5 thousand may impose by ordinance a special charter city sales
1 6 and services tax at the rate of one percent on the sales price
1 7 taxed by the state under chapter 423, subchapter II.
1 8 a. A special charter city sales and services tax shall be
1 9 imposed on the same basis as the state sales and services tax
1 10 or, in the case of the use of natural gas, natural gas
1 11 service, electricity, or electric service, on the same basis
1 12 as the state use tax.
1 13 b. A special charter city sales and services tax shall not
1 14 be imposed on the sale of any property or on any service not
1 15 taxed by the state, except the tax shall not be imposed on the
1 16 sales price from the sale of motor fuel or special fuel as
1 17 defined in chapter 452A which is consumed for highway use or
1 18 in watercraft or aircraft if the fuel tax is paid on the
1 19 transaction and a refund has not or will not be allowed, on
1 20 the sales price from the sale of equipment by the state
1 21 department of transportation, or on the sales price from the
1 22 sale or use of natural gas, natural gas service, electricity,
1 23 or electric service in a city where the sales price from the
1 24 sale of natural gas or electric energy is subject to a
1 25 franchise fee or user fee during the period the franchise or
1 26 user fee is imposed.
1 27 c. A special charter city sales and services tax is
1 28 applicable to transactions within the incorporated areas of
1 29 the special charter city where it is imposed and shall be
1 30 collected by all persons required to collect state sales
1 31 taxes.
1 32 d. The amount of the sale, for purposes of determining the
1 33 amount of the special charter city sales and services tax,
1 34 does not include the amount of any state sales tax or other
1 35 local option sales and services taxes.
2 1 e. A tax permit other than the state sales tax permit
2 2 required under section 423.36 shall not be required by local
2 3 authorities.
2 4 2. If a special charter city sales and services tax is
2 5 imposed by a city pursuant to this chapter, a local excise tax
2 6 at the same rate shall be imposed by the city on the purchase
2 7 price of natural gas, natural gas service, electricity, or
2 8 electric service subject to tax under chapter 423, subchapter
2 9 III, and not exempted from tax by any provision of chapter
2 10 423, subchapter III. The local excise tax is applicable only
2 11 to the use of natural gas, natural gas service, electricity,
2 12 or electric service within the incorporated areas of the city
2 13 where it is imposed and, except as otherwise provided in this
2 14 chapter, shall be collected and administered in the same
2 15 manner as the special charter city sales and services tax.
2 16 For purposes of this chapter, "special charter city sales and
2 17 services tax" shall also include the local excise tax.

2 18 3. A special charter city sales and services tax under
2 19 this chapter may be imposed in addition to any local sales and
2 20 services tax imposed under chapter 423B in an area of the
2 21 city.

2 22 Sec. 2. NEW SECTION. 423F.2 ELECTION == IMPOSITION ==
2 23 REPEAL.

2 24 1. ELECTION REQUIREMENT. A special charter city sales and
2 25 services tax shall be imposed pursuant to this chapter only
2 26 after an election at which a majority of those voting on the
2 27 question favors imposition and shall then be imposed until
2 28 repealed as provided in this section.

2 29 2. MANNER OF ELECTION. The question of whether a special
2 30 charter city sales and services tax shall be imposed in a
2 31 special charter city shall be submitted to the voters by one
2 32 of the following methods:

2 33 a. Upon its own motion, the governing body of the city may
2 34 within thirty days of adoption of the motion direct the county
2 35 commissioner of elections to submit the question of the
3 1 imposition of a special charter city sales and services tax to
3 2 the registered voters of the city.

3 3 b. Upon the receipt of a petition signed by the residents
3 4 of the city, the governing body of the city shall within
3 5 thirty days direct the county commissioner of elections to
3 6 submit the question of the imposition of a special charter
3 7 city sales and services tax to the registered voters of the
3 8 city. A petition requesting imposition of a special charter
3 9 city sales and services tax shall be signed by a number of
3 10 eligible electors of the city equal to five percent of the
3 11 persons in the city who voted in the most recent general
3 12 election.

3 13 3. TIMING AND BALLOT REQUIREMENTS.

3 14 a. The county commissioner of elections shall submit the
3 15 question of imposition of a special charter city sales and
3 16 services tax at the general election, at the regular city
3 17 election, or at a special election called for that purpose.
3 18 The election shall not be held sooner than sixty days after
3 19 publication of notice of the ballot proposition.

3 20 b. The ballot proposition shall specify the date the tax
3 21 will be imposed. The date of imposition shall be as provided
3 22 in section 423F.3, subsection 1.

3 23 c. The ballot proposition shall contain a statement of the
3 24 purposes for which the revenues shall be expended. Moneys
3 25 collected from a special charter city sales and services tax
3 26 shall be expended pursuant to section 423F.4, subsection 3.

3 27 d. When submitting the question of the imposition of a
3 28 special charter city sales and services tax, the governing
3 29 body of the city may direct that the ballot question contain a
3 30 provision for the repeal, without election, of the tax on a
3 31 specific date, which date shall be as provided in section
3 32 423F.3, subsection 1.

3 33 e. If a majority of those voting on the question of
3 34 imposition of the special charter city sales and services tax
3 35 favors imposition of the tax, the governing body of the city
4 1 shall impose the tax at the rate specified in section 423F.1,
4 2 subsection 1, for an unlimited period.

4 3 f. If the question of whether to impose a special charter
4 4 city sales and services tax fails to gain approval by the
4 5 required percentage of votes, a question of whether to impose
4 6 a special charter city sales and services tax that proposes to
4 7 use the receipts in substantially the same manner shall not be
4 8 submitted to the registered voters again for a period of at
4 9 least four years following the date of the election at which
4 10 the question was defeated.

4 11 4. REPEAL BY ELECTION.

4 12 a. A special charter city sales and services tax may be
4 13 repealed after an election at which a majority of those voting
4 14 on the question of repeal favored the repeal. The date on
4 15 which the repeal takes effect shall not be earlier than ninety
4 16 days following the election.

4 17 b. The election at which the question of a repeal of the
4 18 special charter city sales and services tax is submitted to
4 19 the registered voters shall be called and held in the same
4 20 manner and under the same conditions as provided in
4 21 subsections 2 and 3.

4 22 c. An election to repeal a special charter city sales and
4 23 services tax shall not be submitted to the registered voters
4 24 of a city more than once every four years.

4 25 5. NOTICE TO THE DIRECTOR OF REVENUE. Within ten days of
4 26 the election at which a majority of those voting on the
4 27 question favors the imposition or repeal of a special charter
4 28 city sales and services tax, the county auditor shall give

4 29 written notice of the result of the election by sending a copy
4 30 of the abstract of the votes from the election to the director
4 31 of revenue. The director shall have the authority to waive
4 32 the notice requirement.

4 33 Sec. 3. NEW SECTION. 423F.3 ADMINISTRATION.

4 34 1. a. A special charter city sales and services tax shall
4 35 be imposed either January 1 or July 1 following the
5 1 notification of the director of revenue but not sooner than
5 2 ninety days following the passage of the ordinance and not
5 3 sooner than sixty days following notice to sellers, as defined
5 4 in section 423.1.

5 5 b. A special charter city sales and services tax shall be
5 6 repealed only on June 30 or December 31, but not sooner than
5 7 ninety days following the repeal of the ordinance. However,
5 8 the sales and services tax shall not be repealed before the
5 9 tax has been in effect for one year.

5 10 c. At least forty days before the imposition or repeal of
5 11 the tax, a city shall provide notice of the action by
5 12 certified mail to the director of revenue.

5 13 d. The imposition of a special charter city sales and
5 14 services tax shall not be applied to purchases from a printed
5 15 catalog wherein a purchaser computes the local tax based on
5 16 rates published in the catalog unless a minimum of one hundred
5 17 twenty days' notice of the imposition has been given to the
5 18 seller and the first day of a calendar quarter has occurred on
5 19 or after the one hundred twentieth day.

5 20 2. a. The director of revenue shall administer a special
5 21 charter city sales and services tax as nearly as possible in
5 22 conjunction with the administration of state sales tax laws.
5 23 The director shall provide appropriate forms or provide space
5 24 on the regular state tax forms for reporting special charter
5 25 city sales and services tax liability.

5 26 b. The ordinance of a city imposing a special charter city
5 27 sales and services tax shall adopt by reference the applicable
5 28 provisions of the appropriate sections of chapter 423. All
5 29 powers and requirements of the director to administer the
5 30 state sales tax law and use tax law are applicable to the
5 31 administration of a special charter city sales and services
5 32 tax law and the local excise tax, including but not limited to
5 33 the provisions of section 422.25, subsection 4, sections
5 34 422.30, 422.67, and 422.68, section 422.69, subsection 1,
5 35 sections 422.70 to 422.75, section 423.14, subsection 1 and
6 1 subsection 2, paragraphs "b" through "e", and sections 423.15,
6 2 423.23, 423.24, 423.25, 423.31 to 423.35, 423.37 to 423.42,
6 3 423.46, and 423.47. Local officials shall confer with the
6 4 director of revenue for assistance in drafting the ordinance
6 5 imposing a special charter city sales and services tax. A
6 6 certified copy of the ordinance shall be filed with the
6 7 director as soon as possible after passage of the ordinance.

6 8 c. Frequency of deposits and quarterly reports of a
6 9 special charter city sales and services tax with the
6 10 department of revenue are governed by the tax provisions in
6 11 section 423.31. Local tax collections shall not be included
6 12 in computation of the total tax to determine frequency of
6 13 filing under section 423.31.

6 14 d. The director shall apply a boundary change of a city
6 15 imposing or collecting the special charter city sales and
6 16 services tax to the imposition or collection of that tax only
6 17 on the first day of a calendar quarter which occurs sixty days
6 18 or more after the director has given notice of the boundary
6 19 change to sellers.

6 20 3. a. The director, in consultation with local officials,
6 21 shall collect and account for a special charter city sales and
6 22 services tax. The director shall certify each quarter the
6 23 amount of sales and services tax receipts and any interest and
6 24 penalties to be credited to a special charter city sales and
6 25 services tax fund of that city established in the office of
6 26 the treasurer of state. All taxes collected under this
6 27 chapter by a retailer or any individual are deemed to be held
6 28 in trust for the state of Iowa and the local jurisdictions
6 29 imposing the taxes.

6 30 b. All local tax moneys and interest and penalties
6 31 received or refunded one hundred eighty days or more after the
6 32 date on which the city repeals its special charter city sales
6 33 and services tax shall be deposited in or withdrawn from the
6 34 general fund of the state.

6 35 Sec. 4. NEW SECTION. 423F.4 PAYMENT TO THE CITY == USE
7 1 OF RECEIPTS.

7 2 1. The director shall credit the special charter city
7 3 sales and services tax receipts and interest and penalties
7 4 from a city-imposed tax to the city's special charter city

7 5 sales and services tax fund.

7 6 2. a. The director of revenue by August 15 of each fiscal
7 7 year shall send to the city where the special charter city tax
7 8 is imposed an estimate of the amount of tax moneys the city
7 9 will receive for the year and for each month of the year. At
7 10 the end of each month, the director may revise the estimates
7 11 for the year and remaining months.

7 12 b. The director of revenue shall remit ninety-five percent
7 13 of the estimated tax receipts for the city to the city on or
7 14 before August 31 of the fiscal year and on or before the last
7 15 day of each following month.

7 16 c. The director of revenue shall remit a final payment of
7 17 the remainder of tax moneys due the city for the fiscal year
7 18 before November 10 of the next fiscal year. If an overpayment
7 19 has resulted during the previous fiscal year, the November
7 20 payment shall be adjusted to reflect any overpayment.

7 21 3. All special charter city sales and services tax
7 22 revenues received by the city under this chapter shall be
7 23 deposited in a special fund of the city and shall be used as
7 24 follows:

7 25 a. Ninety percent of the moneys shall be used to provide
7 26 financial assistance to the following:

7 27 (1) Resident students of the special charter city
7 28 graduating from a public or nonpublic school located in the
7 29 special charter city who have enrolled in an institution of
7 30 higher education. For purposes of this subparagraph,
7 31 "financial assistance" includes loans, forgivable loans,
7 32 grants, and scholarships, and "institution of higher
7 33 education" includes a four-year college or university, a
7 34 community college, or a technical or vocational school.

7 35 (2) Eligible members of the armed forces of the United
8 1 States for the purchase of residences or the establishment or
8 2 expansion of businesses located in the special charter city.
8 3 For purposes of this subparagraph, "eligible member of the
8 4 armed forces of the United States" means a person who is or
8 5 was a member of the national guard, reserve, or regular
8 6 component of the armed forces of the United States who has
8 7 served at least ninety days of active duty service beginning
8 8 on or after September 11, 2001. "Eligible member of the armed
8 9 forces of the United States" also means a former member of the
8 10 national guard, reserve, or regular component of the armed
8 11 forces of the United States who was honorably discharged due
8 12 to injuries incurred while on active federal service beginning
8 13 on or after September 11, 2001, that precluded completion of a
8 14 minimum aggregate of ninety days of active federal service.

8 15 b. Ten percent of the moneys shall be used to hire
8 16 additional public safety personnel.

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